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QUESTION OF THE REALIZATION OF THE RIGHT TO DEVELOPMENT

Written statement submitted by the Indian Movement "Tupaj Amaru" and the Indigenous World Association, non-governmental organizations in special consultative status

The Secretary-General has received the following written statement, which is circulated in accordance with Economic and Social Council resolution 1296 (XLIV).

[5 February 1998]

GE.98-10673 (E)

The right to development and transnational corporations

1. The activities of transnational corporations, which play an increasingly decisive role in the process of the globalization of the economy and thus adversely affect human rights, are the focus of the policy of the right to development and the full realization of economic, social and cultural rights.

2. According to a study by the United Nations Centre on Transnational Corporations (TNCs), a transnational corporation is defined as a company (or group of companies) composed of a parent company under a country's legislation which starts from its headquarters or decision-making centre and sets itself and its affiliates up in foreign countries by means of direct investments, with a worldwide strategy designed to overcome any obstacle to the expansion and free movement of foreign consortiums and thus allow the implementation of programmes for the liberalization, deregulation and privatization of the national economy of host countries.

3. The contradictory movement of capitalist development, from its most primitive forms to its highest level of unequal, anarchical and unfair development, has given rise to and increased free enterprise through monopolies, consortiums and worldwide transnational corporations, which are, now more than ever, moving relentlessly ahead and pouncing on the wealth and vital means of subsistence that Mother Earth has so generously given us.

4. With their vast, complex and contradictory universe and their infinitely great hegemonistic powers, transnational corporations are genuine spider webs which are involved in the production and distribution of goods and services, the movement of capital and company and manpower mobility and which are changing the face of international relations and disrupting the course of history.

5. Stimulated by the free play of market forces, particularly maximum profits and earnings, capital accumulation, raw materials speculation and financial turmoil, transnational corporations have become part of the economic and social life of the peoples of the third world and are present everywhere in indigenous lands and territories, whose wealth and basic resources, which are regarded as strategic for the Western world, they are stealing with total impunity.

6. In order to achieve their economic objectives, they use various international financial and legal mechanisms, including unlawful instruments and means such as bribery and corruption, political pressure and financial blackmail, and even military interference.

7. In 1973, the constitutional Government of Chile was overthrown by reactionary forces in league with multinationals. Twenty-four years after the military's brutal invasion of political life, there is clear-cut evidence of the direct interference of the American-based multinational firm, International Telephone and Telegraph (ITT), which was nationalized by the Allende Government, in the coup d'état and its funding.

8. The entire political history of the Latin American countries has been marked by political pressure and military intervention by the United States of

America through its transnational companies, whose intention is to strangle any progressive regime, such as the Governments of J.J. Torres in Bolivia (1971) and Jacobo Arbenz in Guatemala (1954).

9. Because of their structure, size and supra-national decision-making powers, transnational corporations, which are entrenched at the most basic levels of the developing countries' economies, are super-States within national States and they are violating national sovereignty. This is why the peoples of Indo-America, especially the indigenous nations, pay particular attention to their many activities, which have had disastrous effects on the survival of ancestral lifestyles and cultures.

10. According to a report by the United Nations Centre on Transnational Corporations in the early 1990s, 37,530 parent corporations throughout the world controlled 206,961 affiliates and employed 73 million workers, i.e. about 3 per cent of the world labour force (see World Investment Report, United Nations, New York, 1994, p. 4; see also "Promoting Employment", report of the Director-General of the ILO, International Labour Conference, 1995, p. 21). The headquarters of over 90 per cent of these corporations were in the United States of America, Canada, Japan, Germany, France and the Netherlands and only 8 per cent were in developing countries. However, 41 per cent of the foreign affiliates were in developing countries.

11. Following the dissolution of the Centre on Transnational Corporations, the UNCTAD Division for Transnational Corporations and the Investment published studies on the 100 largest and most powerful transnational corporations (see World Investment Report, 1994, pp. 6-7). The top 100 transnational corporations in the world, ranked by foreign assets, all have their headquarters in highly developed countries. Over one third of global capital in the form of foreign direct investment (FDI) was held by these giant monsters, which have total assets worth about $3.2 trillion, 40 per cent of which was invested outside the countries of origin (see François Chesnais, La mondialisation du capital, Paris, Ed. Syros, 1994, p. 53).

12. On the basis of this ranking, Royal Dutch Shell (United Kingdom/Netherlands) topped the list of foreign investments for the fifth consecutive year and, for the first time, the list of the top 100 TNCs includes two developing-country transnationals, Daewoo Corporation (Republic of Korea) and Petroleos de Venezuela S.A. (see World Investment Report, 1997: Transnational Corporations, Market Structure and Competition Policy, United Nations, New York and Geneva, 1997, p. 28).

13. The liberalization and deregulation of capital movements have rapidly increased foreign direct investment, the driving force behind globalization, in all parts of the world. According to the UNCTAD report, foreign direct investments nearly tripled between 1985 and 1992 (from $674 million to $1,932 million), but created only 8 million jobs throughout the world. Compared to the corporations' rate of investment and fabulous earnings, the job creation rate is insignificant. This means that the main objective of foreign investments is to loot raw materials and exploit cheap labour. The activities of transnational corporations also have the adverse effect of

wrecking national industries, indigenous handicrafts and traditional technologies and thus of swelling the ranks of the unemployed.

14. Despite the constant flow of foreign direct investments to the developing countries, whose assets amounted to $50,000 million in 1992 and $70,000 million in 1993, the purchasing power of the majority population is declining and extreme poverty are increasing at an alarming and inadmissible rate.

15. In 1996, foreign direct investment flows to Latin America and the Caribbean increased by 52 per cent, to $39 billion, a record level (op. cit., p. 71). During the same period, eight countries (compared with only two in 1990) received average inflows of direct investments of over $1 billion, particularly in mining (Chile and Peru), petroleum (Colombia and Ecuador) and manufacturing (Argentina, Brazil and Mexico) (op. cit., p. 71).

16. Although direct investments contributed to the economic growth of some countries of the region, thus further enriching the elites that hold the reins of economic and political power, they had adverse effects on the life of the indigenous peoples, who are once again being dispossessed of their land and natural resources.

17. Their growing influence and decisive power are reflected in the subjection of national economies to the control and servicing of usurious capital. The globalization of the capitalist economy as a result of the transnationalization of financial capital necessarily leads to the integration of production and consumption at the world level, the concentration and centralization of enormous financial resources, speculative movements, turmoil on the international stock market and the unification of the world market, which is increasingly being squeezed into a single space and turned into a battlefield.

18. With the disintegration of the Soviet Union, large industrialized-country corporations have set out to conquer and colonize, particularly in the Great Siberian North, which is potentially rich in energy resources. Enchanted by the market economy's "virtues", the Government of the Russian Federation subjected its people to shock treatment which has led to the total disruption of the productive system, unprecedented inflation, corruption and the Mafia has created a paradise for the nouveaux riches and extreme poverty for the majority population. Uncontrolled and primitive capitalism is being established throughout this enormous territory, with adverse consequences for the promotion of economic, social and cultural rights.

19. In accordance with this ultraliberal policy that has been dictated by the International Monetary Fund, Yeltsin's administration is holding negotiations with financial capital holders on the privatization of key industries and the unconditional handing over to foreign interests of fabulous wealth, such as petroleum, natural gas, gold, diamonds and uranium that have traditionally belonged to the indigenous peoples of northern Russia.

20. In accordance with this anti-national policy, transnational corporations such as AMOCO (United States), Bitech (Canada), Eurosov Petroleum Ltd.

(England), Heerema (Netherlands), Occidental Petroleum Corporation (United States) and Wintershall (Germany) (see the report of the Centre on Transnational Corporations submitted to the Sub-Commission on Prevention of Discrimination and Protection of Minorities, E/CN.4/Sub.2/1994/40, annex II) moved into the Siberian wilderness with ferocious appetites for the exploitation and pillaging of the rich petroleum oil fields and gas resources. The transnational corporations are having a hard and violent impact on the life of the Russian people, violating State sovereignty, genuinely threatening the survival of the indigenous peoples and their traditional means of production and destroying Mother Earth by polluting the natural environment of the fragile tundra.

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